

Highlights of consolidated annual results FY2006 (Year ended March 31, 2007)

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April 27, 2007

[Prepared on the basis of accounting principles generally accepted in the United States of America]

1. Consolidated Income

Unit: 100 millions of yen (rounded to the nearest 100 million)

Sumitomo Corporation

	Year ended March 31, 2007 (A)	Year ended March 31, 2006 (B)	increase/(decrease)	
			amount (A)-(B)	percentage
Gross profit	8,577	7,066	1510	21%
Other income (expenses) :				
Selling, general and administrative expenses	(6,099)	(5,158)	(941)	(18%)
Settlements on copper trading litigation	96	(1)	97	-
Provision for doubtful receivables	(80)	(147)	67	45%
Gain (losses) on property and equipment, net	(75)	(128)	53	42%
Interest expense, net of interest income	(371)	(200)	(171)	(86%)
Dividends	141	104	37	35%
Gain on marketable securities and investments, net	445	418	27	6%
Equity in earnings of associated companies, net	703	514	189	37%
Other, net	(17)	9	(27)	-
Total other income (expenses)	(5,258)	(4,588)	(669)	(15%)
Income before income taxes and minority interests in earnings of subsidiaries	3,319	2,478	841	34%
Income taxes	(1,148)	(807)	(341)	(42%)
Income before minority interests in earnings of subsidiaries	2,171	1,671	500	30%
Minority interests in earnings of subsidiaries, net	(61)	(68)	8	11%
Net income	2,110	1,602	508	32%
Total trading transactions	105,283	103,363	1,920	2%
Operating income	2,397	1,761	636	36%
Basic profit (Calculation for reference)*	2,029	1,583	446	28%

Note: Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.

Note: Operating income is presented in a manner customarily used in Japan solely for Japanese investors' purposes.

Summary			
<u>Gross profit</u>			
<Businesses which contributed to the increase>			
- Tubular products, steel plates, and non-ferrous metal businesses	- Automobile lease and finance businesses in Asia	- IPP* business mainly in Asia	- Sumisho Computer Systems Corporation
- Sumitomo Corporation of America (Mainly in metal products business)	- Consolidated TBC Corporation (automotive replacement tire marketer in the U.S.)	*Independent Power Producer	
<u>Selling, general and administrative expenses</u>			
- Effect of the newly consolidated subsidiaries	- Increase in personnel expenses due to the expansion of business activities at existing subsidiaries		
<u>Interest expense, net of interest income</u>			
	Year ended March 31, 2007	Year ended March 31, 2006	increase/(decrease)
Interest income	329	190	139
Interest expense	(700)	(390)	(311)
Total	(371)	(200)	(171)
- Increase in interest-bearing liabilities in the U.S. dollar	- Rise in interest rates of the U.S. dollar and Japanese yen		
<u>Gain on marketable securities and investments, net</u>			
- Value realizations through replacement of assets			
<u>Equity in earnings of associated companies, net</u>			
<Businesses which contributed to the increase>			
- Copper business in the Americas	- Tubular products business in the U.S.	- Jupiter Telecommunications (J:COM)	
- Jupiter TV			
Reference	Year ended March 31, 2007	Year ended March 31, 2006	
Foreign exchange (Yen/US\$, ave)	(Jan.-Dec.)	116.40	110.95
	(Apr.-Mar.)	116.96	113.93
Interest (%) (US\$ LIBOR6M, ave)	(Apr.-Mar.)	5.4%	4.2%
Crude oil (US\$/bbl) <North Sea Brent>	(Jan.-Dec.)	65	55

*Calculation: (Gross profit-Selling, general and administrative expenses-Interest expenses, net of interest income+Dividends)×59% (to take into account income taxes) + Equity in earnings of associated companies, net

2. Segment Information

Unit: 100 millions of yen (rounded to the nearest 100 million)

Sumitomo Corporation

	Gross profit			Net income			Summary (Net income)
	Year ended March 31, 2007	Year ended March 31, 2006	increase/ (decrease)	Year ended March 31, 2007	Year ended March 31, 2006	increase/ (decrease)	
Metal Products	776	654	122	263	189	74	- Strong performances in tubular products, steel plates, and non-ferrous metal businesses
Transportation & Construction Systems	1,346	1,275	70	267	198	69	- Increased earnings from Sumisho Auto Leasing as a result of making it a wholly owned subsidiary - Strong performance in automobile finance business in Asia and ships business
Machinery & Electric	384	293	91	166	80	86	- IPP/TWPP* businesses mainly in Asia and the Middle East *Independent Water and Power Producer
Media, Electronics & Network	598	472	126	112	149	(37)	- Improved earnings in Sumisho Computer Systems - Strong performances in J:COM and Jupiter TV - Capital gain in the previous year
Chemical	346	355	(9)	51	54	(3)	- Decreased earnings in Cantex (PVC pipe business in the U.S.)
Mineral Resources & Energy	479	487	(8)	330	229	101	- Strong performances in copper business in the Americas and Australia - Capital gain (INPEX Corporation, etc.) - Impairment loss in gas development business in North America
Consumer Goods & Service	1,094	986	109	55	149	(93)	- Strong performance in Summit supermarket - Value realization of Coach Japan in the previous year
Materials & Real Estate	887	562	324	151	124	27	- Strong performance in condominium sales - Consolidated TBC Corporation
Financial & Logistics	292	250	42	59	62	(3)	- Strong performance in commodity trading business
Domestic Regional Business Units and Offices	414	411	3	76	53	22	- Strong performance in metal products businesses
Overseas Subsidiaries and Branches	2,264	1,416	848	432	282	150	- Strong performance in metal products businesses - Consolidated TBC Corporation
Segment Total	8,880	7,161	1,718	1,962	1,569	393	
Corporate and Eliminations	(303)	(95)	(208)	148	33	115	- Received settlement on copper trading litigation
Consolidated	8,577	7,066	1,510	2,110	1,602	508	

3. Financial Position

	As of Mar. 31, 2007	As of Mar. 31, 2006	increase/ (decrease)	Summary
Total assets	84,305	67,119	17,186	<u>Total assets</u> - Increased due to the temporary consolidation of Sumisho Lease (Assets held for sale: about +1,500 billion yen)
Total shareholders' equity	14,731	13,040	1,692	<u>Total shareholders' equity</u> - Increase in retained earnings
Shareholders' equity ratio	17.5%	19.4%	(1.9pt)	<u>Shareholders' equity ratio</u> - Decreased due to the temporary consolidation of Sumisho Lease
Interest-bearing liabilities, net	29,133	26,222	2,911	
Debt-equity ratio, net (times)	2.0	2.0	-	

4. Cash Flows

	Year ended March 31, 2007	Year ended March 31, 2006
Net cash provided by (used in) operating activities	1,912	(628)
Net cash used in investing activities	(4,531)	(1,414)
<i>Free Cash Flow</i>	(2,619)	(2,042)
Net cash provided by financing activities	1,761	2,621
Effect of exchange rate changes on cash and cash equivalents, etc	6	101
Net (decreased) increase in cash and cash equivalents	(852)	681

5. Targets (Year ending March 31, 2008)

Unit: 100 millions of yen (rounded to the nearest 100 million)

Sumitomo Corporation

	Year ending March 31, 2008 (C)	Year ended March 31, 2007 (D)	increase/(decrease)		Summary
			amount (C)-(D)	percentage	
Gross profit	9,600	8,577	1,023	12%	<u>Gross profit</u> - Expansion of the business base in our core business - Contribution from the new investments
Other income (expenses) :					
Selling, general and administrative expenses	(6,800)	(6,099)	(701)	(11%)	
Interest expense, net of interest income	(430)	(371)	(59)	(16%)	<u>Interest expense, net of interest income</u> - Rise in interest rates of Japanese yen
Dividends	150	141	9	6%	
Equity in earnings of associated companies, net	770	703	67	10%	<u>Equity in earnings of associated companies, net</u> - Increase of equity interest in Sumisho Lease - Increase from copper businesses in Indonesia and the Americas
Other, net	500	368	132	36%	<u>Other, net</u> - Capital gains through merger of the leasing companies of Sumitomo Corporation Group and SMFG and other value realizations - Expected losses through replacement of assets
Total other income (expenses)	(5,810)	(5,258)	(552)	(10%)	
Income before income taxes and minority interests in earnings of subsidiaries	3,790	3,319	471	14%	
Income taxes	(1,320)	(1,148)	(172)	(15%)	
Income before minority interests in earnings of subsidiaries	2,470	2,171	299	14%	
Minority interests in earnings of subsidiaries	(120)	(61)	(59)	(97%)	
Net income	2,350	2,110	240	11%	
Total trading transactions	112,000	105,283	6,717	6%	
Basic profit (Calculation for reference)*	2,257	2,029	228	11%	

<Assumptions for annual average>		
	FY2007	FY2006 (Results)
Foreign exchange (Yen/US\$) (Apr.-Mar.)	115	116.96
Crude oil <North Sea Brent> (US\$/bbl) (Jan.-Dec.)	55	65
Hard coking coal (US\$/MT)*	80~98	105~116
Copper (US \$/lb)	260	305
Interest LIBOR 6M (Yen) (Apr.-Mar.)	0.85%	0.50%
Interest LIBOR 6M (US\$) (Apr.-Mar.)	5.2%	5.4%

*Market price

<Sensitivity of the net income to the fluctuations of FOREX>
Depreciation of 1 yen per US\$ will increase net income about 0.5 billion yen

Note: Total trading transactions is presented in a manner customarily used in Japan solely for Japanese investors' purposes.

*Calculation: (Gross profit-Selling, general and administrative expenses-Interest expenses, net of interest income+Dividends)×59% (to take into account income taxes) + Equity in earnings of associated companies, net

6. Notification of dividend

Our basic policy is to meet shareholders' expectations by ensuring long-term stable dividends. In addition to this basic policy, we have set the dividend payout ratio at around 20%, reflecting consolidated financial results. The annual dividend for fiscal year 2006 will be 33 yen per share (the interim dividend: 15 yen per share, the year-end ordinary dividend: 18 yen per share), which was 25 yen per share in the previous year. Based on our new target of consolidated net income of 235 billion yen, the annual dividend is planned to be 37 yen per share (the interim dividend will be 18 yen per share and the year-end ordinary dividend will be 19 yen per share).

Cautionary Statement Concerning Forward-Looking Statements

This report includes forward-looking statements relating to our future plans, targets, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

<Reference information>

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Sumitomo Corporation

Number of subsidiaries and associated companies

Unit: Number of companies

	As of Mar. 31, 2007			increase/(decrease) from Mar. 31, 2006		
	Profit	Loss	Total	Profit	Loss	Total
Japan	231	37	268	13	(6)	7
Overseas	552	78	630	58	(42)	16
Total	783	115	898	71	(48)	23
(Profit-making company ratio)	87%			6pt		

Equity in earnings of subsidiaries and associated companies

Unit: 100 millions of yen
(rounded to the nearest 100 million)

	Apr. 1, 2006-Mar.31, 2007			increase/(decrease) from the previous year		
	Profit	Loss	Total	Profit	Loss	Total
Japan	782	(13)	768	177	38	215
Overseas	1,117	(168)	949	237	(83)	154
Total	1,898	(181)	1,717	413	(45)	369

Equity in earnings of subsidiaries and associated companies by Segment

Unit: 100 millions of yen
(rounded to the nearest 100 million)

	Apr. 1, 2006-Mar.31, 2007			increase/(decrease) from the previous year		
	Profit	Loss	Total	Profit	Loss	Total
Metal Products	141	(14)	127	37	(6)	31
Transportation & Construction Systems	302	(35)	267	39	(11)	28
Machinery & Electric	158	(8)	150	61	6	67
Media, Electronics & Network	189	(10)	179	50	(6)	44
Chemical	50	(6)	44	(14)	10	(4)
Mineral Resources & Energy	249	(60)	188	20	(59)	(39)
Consumer Goods & Service	97	(29)	68	28	(7)	21
Materials & Real Estate	69	(3)	66	26	0	26
Financial & Logistics	60	(5)	55	9	0	10
Domestic Regional Business Units and Offices	53	(10)	43	6	5	11
Overseas Subsidiaries and Branches	429	(1)	428	125	19	144
Other	101	0	101	26	4	30
Total	1,898	(181)	1,717	413	(45)	369

FY2007-2008 Medium-Term Management Plan: “GG Plan”

~ Pursuit of further improvement of quality heading for a new stage of growth ~

Since the Reform Package started in 1999, Sumitomo Corporation has focused on expanding its earnings base and enhancing its corporate strength to secure a risk-adjusted return of 7.5%, which covers our shareholders’ capital cost. Under the “GG Plan*”, the medium-term management plan, that was launched this April, Sumitomo Corporation will establish a truly solid earnings base through the rigorous strengthening and expansion of our core businesses. It will also focus on improving management quality and establishing a solid foothold in order to pursue sustained growth.

The quantitative targets of the GG Plan are as follows.

- GG Plan: Quantitative Targets (FY2007, 2008)
 - Risk- adjusted return ratio: 15.0% or over (two year average)
Build an earnings base which stably realizes a risk-adjusted return of 15% or more in the long term
 - Net Income: Two-year total of Yen 470 billion (Yen 235 billion each year)

We plan to increase risk-adjusted assets by 280 billion Yen for the two years of the GG Plan while actively replacing and reallocating assets.

Our basic policy under the GG Plan is to pursue further improvement of quality heading for a new stage of growth. We will aim to strengthen the accomplishments of the reform process since the Reform Package and emphasize the following points.

(1) Business Strategy

In order to establish a solid earnings base, we will strengthen and raise value of core businesses which serve as pillars of earnings, and build a high-quality business portfolio. For each business, we will establish clear business strategies and implement a “Plan-Do-See” process. We will also be more rigorous and thorough in the selection & concentration of assets, and actively replace and reallocate assets. To further strengthen our global earnings power, business units and regional organizations will pursue bilateral cooperation. Regional organizations will strengthen their business functions and expand global businesses by taking a multifaceted approach with leading companies.

(2) Management Quality

In order to improve the management quality of the Sumitomo Corporation group, we will achieve higher-order levels of soundness and efficiency, and group management standards.

In order to further improve the level of soundness and efficiency, we will strengthen our financial condition and pay closer attention to the balance of risk-adjusted assets against our “core risk buffer**”. To improve group-wide operational quality, we will continue to further strengthen risk management, internal controls, and legal compliance. In terms of human resource strategies, we will continue to recruit, develop, and fully leverage the talent of our human resources, while emphasizing work-practice reforms to promote the growth and vitality of group employees.

In order to achieve the targets of the GG Plan, we focus on further quality improvement in four areas; “earnings base”, “operations”, “group management”, and “human resources and workstyles”.

*GG Plan: “GG Plan” stands for “Great & Growing Company” which shows our view to become an excellent company that grows stably.

**Core Risk Buffer: The sum of paid in capital, retained earnings, and foreign currency translation adjustments after treasury stock, at cost.

Reference (1) GG Plan ~ Basic Policy & Quantitative Targets

<Basic Policy>

Pursuit of further improvement of quality heading for a new stage of growth

~Aiming to be a Great & Growing Company~

[Focus of the GG Plan]

- Strengthen the accomplishments of the reform process since the Reform Package (FY1999~FY2000) and head for a new stage of growth

[For Sustained Growth]

- Pursue improvement of quality and expansion of our earnings base in a balanced manner
- Steadily increase our return exceeding the shareholders' capital cost

[Quantitative Targets]

- Risk-adjusted return ratio: 15% or over (2-year average)
- Net income : 470 billion yen (2-year total)
(235 billion yen each year)

[Plan of Risk-adjusted assets]

- Increase amount in two year: About 280 billion yen

Reference (2) GG Plan ~ Qualitative Targets

[Qualitative Targets]

- Establish a truly solid earnings base through the rigorous strengthening and expansion of our core businesses
- Improve the management quality to pursue sustained growth
- ⇒ Accomplish by improving quality in four areas;
“earnings base”, “operations”, “group management”, and
“human resources and workstyles”

Build an earnings base which stably realizes
a risk-adjusted return of 15% or more in the long term

Reference (3) GG Plan ~ Quality Improvement in Four Areas

Solidify our foothold for a new stage of growth

“Further Quality Improvement”

- (1) Earnings base
 - Rigorous and thorough selection and concentration
 - Improve risk-adjusted return to further exceed our shareholders' capital cost of 7.5%
- (2) Operations
 - Improve capital efficiency and operating cash flow
 - Further strengthen Internal Controls
- (3) Group management
 - Improve the management quality of Sumitomo Corporation group
- (4) Human resources and workstyles
 - Promote the growth and vitality of group employees

Reference (4) GG Plan ~ Reorganization of Business Units

<Old>

[Media, Electronics & Network]
 - Media
 - Network
 - Electronics

[Chemical]
 - Basic & Performance Chemicals
 - Life Science

[Consumer Goods & Service]
 - Food
 - Lifestyle & Retail

[Materials & Real Estate]
 - Materials & Supplies
 - Construction & Real Estate

<New (From April 1, 2007)>

[Media, Network & Lifestyle Retail]
 - Media
 - Network
 - Lifestyle & Retail

Provide new values and lifestyles to consumers

[Chemical & Electronics]
 - Basic & Performance Chemicals
 - Electronics
 - Life Science

Consolidate businesses in the electronics field and pursue synergy and efficiency

[General Products & Real Estate]
 - Food
 - Materials & Supplies
 - Construction & Real Estate

Solidify and enhance businesses related to people's daily life